

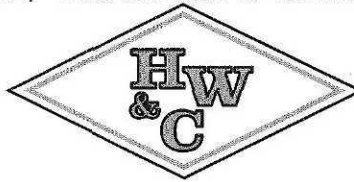
**Louisiana Assessors' Retirement Fund
and Subsidiary
Baton Rouge, Louisiana
September 30, 2013**

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Independent Auditor's Report

Members of the Board of Trustees
Louisiana Assessors' Retirement Fund and Subsidiary
Baton Rouge, Louisiana

We have audited the accompanying consolidated financial statements of Louisiana Assessors' Retirement Fund and Subsidiary, which comprise the consolidated statements of net position as of September 30, 2013 and 2012, and the related consolidated statements of changes in net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Assessors' Retirement Fund and Subsidiary as of September 30, 2013 and 2012, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8, the schedule of funding progress on page 29, and the schedule of contributions from employers and other contributing entities on page 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of trustees' per diem and schedule of administrative expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2014 on our consideration of Louisiana Assessors' Retirement Fund and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Assessors' Retirement Fund and Subsidiary's internal control over financial reporting and compliance.

Huckhorn, Weymouth & Powell, LLP

February 23, 2014

**Louisiana Assessors' Retirement Fund
and Subsidiary
Management's Discussion and Analysis
September 30, 2013**

The following discussion and analysis of the Louisiana Assessors' Retirement Fund and Subsidiary ("Retirement Fund") for the year ended September 30, 2013, highlights relevant aspects of the consolidated financial statements and provides an analytical overview of the Fund's financial activities.

Financial Highlights

The net assets held in trust for pension benefits increased by \$34.9 million, or 13.9%, compared to an increase of \$42.7 million, or 20.5%, in the prior year.

The unfunded actuarial accrued liability decreased from \$18.6 million to \$16.7 million.

The Fund had a net investment gain of \$33.4 million in 2013 compared to net investment gain of \$38.8 million in 2012.

The amount of Annuity and DROP benefit payments increased to approximately \$18.3 million in 2013 compared to \$15.4 million in 2012.

Overview of the Financial Statements

Management's Discussion and Analysis is intended to serve as an introduction to the Fund's consolidated financial statements, together with the related notes to the consolidated financial statements, required supplementary information, and the supporting schedules, all of which are described below:

Consolidated Statements of Net Position (Formerly Statement of Plan Net Assets) - These statements report the Fund's assets, liabilities, and resulting assets held in trust for pension benefits. The statements should be read with the understanding that they present the Fund's financial position on September 30, 2013 and September 30, 2012.

Consolidated Statements of Changes in Net Position (Formerly Statement of Changes in Plan Net Assets) - These statements report the results of operations during the fiscal years, categorically presenting the additions to and deductions from net position. The net increase or decrease in net position on these statements support the changes in assets held in trust for pension benefits on the Consolidated Statements of Net Position.

Notes to Consolidated Financial Statements - The financial statement notes provide additional information that is essential to a complete understanding of the data set forth in the consolidated financial statements. They are considered an integral part of the consolidated financial statements. A description of the information provided in the notes follows:

Note 1 (Plan Description) provides a general description of the Fund. Information is included regarding the board of trustees, plan membership, basic retirement benefits, the Back-Deferred Retirement Option Plan (DROP), and the excess benefit plan.

Note 2 (Summary of Significant Accounting and Financial Reporting Policies) provides information about the accounting methods and policies used in determining amounts shown on the consolidated financial statements. Information relative to the basis of accounting, the determination of estimates, valuation of investments and property is included in this note.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Management's Discussion and Analysis
September 30, 2013**

Overview of the Financial Statements (Continued)

Notes to Consolidated Financial Statements (Continued)

Note 3 (Contributions, Funding Status and Reserves) describes contributions to the Fund and the Reserve Funds, Back-DROP, Annuity Savings, Pension Accumulation and Annuity Reserve.

Note 4 (Actuarial Cost Method) defines the cost methods used to calculate funding requirements of the Fund.

Note 5 (Deposits and Investment Risk Disclosures) describes cash deposits as well as investments, including a discussion of interest rate risk, credit risk, and foreign currency risk. Investment authority and policy is also briefly discussed.

Note 6 (Note Receivable - Related Party) details a note receivable from the Louisiana Assessors' Association.

Note 7 (Property and Equipment) details the cost of the Fund's fixed assets as well as related depreciation expense and accumulated depreciation.

Note 8 (Related Party Transactions) provides an explanation of the shared expenses the Fund reimburses to the Louisiana Assessors' Association.

Note 9 (Subsequent Events) discloses any significant events occurring subsequent to the financial statement date and the date through which they were evaluated.

Louisiana Assessors' Retirement Fund's Financial Analysis

The Fund is a cost sharing, multiple-employer, qualified defined benefit pension plan covering Louisiana assessors and their employees under the provisions of Louisiana Revised Statutes 11:1401 through 1494. The plan is a qualified plan as defined by the Internal Revenue Code, effective January 1, 1998. Retirement benefits are funded through member contributions, employer contributions, ad valorem taxes, state revenue sharing, and earnings on investments. Total net assets held in trust for pension benefits at September 30, 2013 amounted to \$286.0 million; which was an increase of \$34.9 million, or 13.9% over the \$251.1 million held at September 30, 2012.

**Consolidated Statements of Net Position
(In thousands)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cash and investments	\$285,196	\$250,329	\$207,786
Receivables	817	779	621
Capital assets	1	1	2
Note receivable	56	62	67
Total assets	<u>286,070</u>	<u>251,171</u>	<u>208,476</u>
Liabilities	<u>92</u>	<u>75</u>	<u>73</u>
Plan net position	<u>\$285,978</u>	<u>\$251,096</u>	<u>\$208,403</u>

**Louisiana Assessors' Retirement Fund
and Subsidiary
Management's Discussion and Analysis
September 30, 2013**

Louisiana Assessors' Retirement Fund's Financial Analysis (Continued)

Additions to Assets held in Trust for Pension Benefits

Changes to the Fund's assets held in trust for pension benefits include contributions from employers and members, ad valorem taxes, revenue sharing, and investment income. The Fund recognized a current year net investment gain of \$33.4 million compared to a \$38.8 million investment gain in the prior year.

Additions to Assets held in Trust	<u>In Thousands</u>			2012 to 2013
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>Percentage Change</u>
Employer contributions	\$ 5,454	\$ 5,261	\$ 5,123	3.7 %
Employee contributions	3,244	3,160	3,042	2.7 %
Investment income (loss)	33,400	38,789	(2,517)	(13.9)%
Transfers in	237	175	432	35.4 %
State revenue sharing	352	353	354	(0.3)%
Ad valorem taxes	11,465	10,819	10,577	6.0 %
Miscellaneous	<u>2</u>	<u>1</u>	<u>1</u>	100.0 %
Total additions to assets held in trust for pension benefits	<u>\$54,154</u>	<u>\$58,558</u>	<u>\$17,012</u>	(7.5)%

Deductions from Assets held in Trust for Pension Benefits

Deductions from the Fund's assets held in trust for pension benefits are comprised primarily of pensions paid to Retirement Fund retirees, survivors, and beneficiaries. Also included as deductions are administrative expenses and refunds of contributions. Pensions paid to retirees, survivors, and beneficiaries amounted to \$18.3 million for 2013, compared to \$15.4 million paid in 2012. The administrative expenses represented approximately 2.0% of total plan deductions, which is consistent with prior years.

Deductions from Assets held in Trust	<u>In Thousands</u>			2012 to 2013
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>Percentage Change</u>
Benefits paid (Annuity and DROP)	\$18,269	\$15,381	\$15,497	37.1%
Refunds and transfers	680	175	153	289.1 %
Administrative expenses	<u>323</u>	<u>309</u>	<u>282</u>	4.5 %
Total deductions to assets held in trust for pension benefits	<u>\$19,272</u>	<u>\$15,865</u>	<u>\$15,932</u>	39.3%

Investments

Investments totaled \$282.7 million at September 30, 2013 compared to \$235.0 million at September 30, 2012, which represented an increase of \$47.7 million or 20.3%.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Management's Discussion and Analysis
September 30, 2013**

Louisiana Assessors' Retirement Fund's Financial Analysis (Continued)

Investments (Continued)

When making comparisons from year to year, it is important to be aware that other factors may affect the change in investments, particularly the changes between investment categories and types. Probably the most notable factor is that of investment re-balancing, which is initiated when a certain predetermined target allocation percentage is reached. Investment allocations that have become over-allocated are sold in part and distributed for the purchase of investment allocations that have become under-allocated. It is also important to note that the investment portfolio is not stagnant, but is traded in part each business day. Therefore, the reader should be cautious about drawing conclusions as to how and why the portfolio increased or decreased in value. It is perhaps best to refer to the following table to conclude how the Fund's investments changed overall.

	<u>In Thousands</u>			2012 to 2013
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>Percentage Change</u>
Investments, at fair value				
Short-term investments	\$ 3,016	\$ 2,750	\$ 2,316	9.7 %
LAMP funds	2,292	3,148	3,143	(27.2)%
Certificates of deposit	100	—	—	—
U.S. government securities	19,261	8,944	9,233	115.4 %
Corporate bonds	16,332	14,756	13,506	10.7 %
Foreign government securities	856	947	415	(9.6)%
Bond mutual funds	52,467	51,377	50,298	2.1 %
Stock mutual funds	179,414	145,083	109,087	23.7 %
Real estate	<u>8,947</u>	<u>7,973</u>	<u>8,074</u>	12.2 %
Total investments	<u>\$282,685</u>	<u>\$234,978</u>	<u>\$196,072</u>	20.3 %

Funding Status

The primary concern to most pension plan participants is the amount of money available to pay benefits. An actuarial valuation of assets and liabilities is performed annually.

An indicator of funding status is the ratio of the actuarial present value of the assets to the actuarial present value of future benefits using the entry age normal method. An increase in this percentage over time usually indicates a plan is in financial decline. Changes in the financial markets can significantly impact the actuarial value of assets, which will impact the funded ratio. In addition to changes in the financial markets, the collection of actuarially required contributions has a significant impact on the funding status of the plan. See the required supplementary information for more information regarding the funded status.

Requests for Information

This Annual Financial Report is designed to provide a general overview of the Louisiana Assessors' Retirement Fund's finances for interested parties. Questions concerning any of the information provided herein, or requests for additional financial information should be addressed to the Louisiana Assessors' Retirement Fund, Post Office Box 14699, Baton Rouge, Louisiana 70898.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Consolidated Statements of Net Position
September 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Assets		
Cash and cash equivalents	\$ 2,511,682	\$ 15,351,842
Receivables		
Employer contributions	323,499	348,145
Employee contributions	209,481	211,451
Accrued interest and dividends	284,090	210,156
Other receivables	—	9,109
Total receivables	<u>817,070</u>	<u>778,861</u>
Investments, at fair value		
Short-term investments	3,016,271	2,749,994
LAMP Funds	2,291,588	3,148,167
Certificates of deposit	100,000	—
U.S. Government securities	19,261,236	8,944,187
Corporate bonds	16,331,670	14,756,357
Foreign government securities	855,832	946,901
Bond mutual funds	52,467,016	51,377,268
Stock mutual funds	179,413,577	145,082,614
Real estate funds	8,947,315	7,972,410
Total investments	<u>282,684,505</u>	<u>234,977,898</u>
Note receivable - related party	<u>55,723</u>	<u>61,576</u>
Property and equipment, net of accumulated depreciation of \$101,076 for 2013 and \$100,458 for 2012	<u>671</u>	<u>1,289</u>
Total assets	<u>286,069,651</u>	<u>251,171,466</u>
Liabilities		
Accounts payable	<u>91,864</u>	<u>74,977</u>
Total liabilities	<u>91,864</u>	<u>74,977</u>
Assets Held in Trust For Pension Benefits	<u>\$285,977,787</u>	<u>\$251,096,489</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Consolidated Statements of Changes in Net Position
Years Ended September 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Additions		
Contributions		
Employer	\$ 5,454,030	\$ 5,261,219
Employee	3,243,345	3,159,835
State revenue sharing	352,320	352,895
Ad valorem taxes	11,465,061	10,819,050
	<u>20,514,756</u>	<u>19,592,999</u>
Investment Income		
Net appreciation in fair value of investments	30,613,626	36,761,926
Interest and dividends	3,268,929	2,420,050
	<u>33,882,555</u>	<u>39,181,976</u>
Less: Investment Expenses	<u>482,845</u>	<u>392,526</u>
Net investment income	<u>33,399,710</u>	<u>38,789,450</u>
Other Additions		
Assets transferred from other systems	237,353	174,550
Miscellaneous	1,922	950
	<u>239,275</u>	<u>175,500</u>
Total additions	<u>54,153,741</u>	<u>58,557,949</u>
Deductions		
Annuity benefits	15,947,751	13,874,857
DROP benefits	2,321,206	1,505,900
Refunds to terminated employees	586,788	161,216
Assets transferred to other systems	93,814	13,900
Administrative expenses	322,884	308,949
Total deductions	<u>19,272,443</u>	<u>15,864,822</u>
Net Increase	34,881,298	42,693,127
Assets Held in Trust For Pension Benefits		
Beginning of Year	<u>251,096,489</u>	<u>208,403,362</u>
End of Year	<u>\$285,977,787</u>	<u>\$251,096,489</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 1-Plan Description

The following brief description of the Louisiana Assessors' Retirement Fund and Subsidiary (collectively referred to as the "Fund") is provided for general information purposes only. Participants should refer to the Plan Agreement for more complete information.

General The Fund is a cost sharing, multiple-employer, qualified governmental defined benefit pension plan covering assessors and their deputies employed by any parish of the State of Louisiana, under the provisions of Louisiana Revised Statutes 11:1401 through 1494. The plan is a qualified plan as defined by the Internal Revenue Code Section 401(a), effective January 1, 1998. Membership in the Louisiana Assessors' Retirement Fund is a condition of employment for Assessors and their full time employees.

Reporting Entity The Louisiana Assessors' Retirement Fund is not a component unit of the State of Louisiana, and its financial statements are not included in the State's consolidated annual financial report. The accompanying consolidated financial statements reflect the activity of the Fund.

For 2013 reporting and financial statement presentation, the Louisiana Assessors' Retirement Fund implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Under Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34* (GASB 61), the definition of a reporting entity is based primarily on the concept of financial accountability, and the existence of a financial burden/benefit relationship. In determining its component unit status, the Fund considered the following:

- The plan exists for the benefit of current and former assessors and employees who are members of the Fund.
- Two of the fifteen board members are elected by the employees who participate in the Fund, and two are retiree representatives elected by retirees of the Fund.
- The Fund is funded by the investment of contributions from members and member employees who are obligated to make contributions to the Fund based upon actuarial valuations.

The Fund has no component units as defined under GASB 14 as amended by GASB 61.

The Fund is administered by a board of trustees made up of fifteen members, the president, vice president, and secretary-treasurer of the Louisiana Assessors' Association and eight regular member representatives who are elected for a term of two years from the Association districts. Two of the members are retiree representatives nominated by the board and elected by the retirees, and two members are assessor employee representatives nominated by the board and elected by the employees.

Plan Membership Employer membership data at September 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Employer Members		
Louisiana Assessors' offices	64	64
Louisiana Assessors' Association	<u>1</u>	<u>1</u>
	<u>65</u>	<u>65</u>

(Continued)

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 1-Plan Description (Continued)

Plan Membership Employee membership data at September 30, 2013 and 2012 is as follows:

(Continued)	<u>2013</u>	<u>2012</u>
Employee Members		
Current retirees and beneficiaries	522	489
Terminated vested participants	26	18
Terminated due a refund	61	70
Active plan participants	<u>777</u>	<u>758</u>
	<u>1,386</u>	<u>1,335</u>

Plan benefits are as follows:

A. Pension Benefits

Employees who were hired on or before September 30, 2013, will be eligible for pension benefits once they have either reached the age of fifty-five and have at least twelve years of service or have at least thirty years of service, regardless of age. Employees who were hired on or after October 1, 2013, will be eligible for pension benefits once they have either reached the age of sixty and have at least twelve years of service or have reached the age of fifty-five and have at least thirty years of service.

Employees who became members prior to October 1, 2006, are entitled to annual pension benefits equal to three and one-third percent of their average final compensation based on the 36 consecutive months of highest pay, multiplied by their total years of service, not to exceed 100% of final compensation. Employees who become members on or after October 1, 2006 will have their benefit based on the highest 60 months of consecutive service. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to the employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. Employees may elect a reduced benefit or any of four options at retirement:

1. At death, the beneficiary will receive a lump sum payment based on the present value of the employee's annuity account balance.
2. At death, the beneficiary will receive a life annuity based on their reduced retirement allowance.
3. At death, the beneficiary will receive a life annuity equal to one-half of their reduced retirement allowance.
4. Any other benefit certified by the actuary and approved by the Board of Trustees that will be equivalent in value to their retirement allowance.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 1-Plan Description (Continued)

B. Death Benefits

As set forth in R.S. 11:1441, benefits for members who die in service are as follows:

1. If a member of the Fund dies in service with less than 12 years of creditable service and leaves a surviving spouse, their accumulated contributions shall be paid to the surviving spouse.
2. If a member dies and has 12 or more years of creditable service and is not eligible for retirement, the surviving spouse shall receive an automatic optional benefit which is equal to the joint and survivorship amounts provided in Option 2 as provided for in R.S. 11:1423, which shall cease upon a subsequent remarriage, or a refund of the member's accumulated contributions, whichever the spouse elects to receive.
3. If a member dies and is eligible for retirement, the surviving spouse shall receive an automatic optional benefit which is equal to the Option 2 benefits provided for in R.S. 11:1423, which shall not terminate upon a subsequent remarriage.
4. Benefits set forth in Number 2 shall cease upon remarriage and shall resume upon a subsequent divorce or death of a new spouse. The spouse shall be entitled to receive a monthly benefit equal to the amount being received prior to remarriage.

C. Disability Benefits

The Board of Trustees shall award disability benefits to eligible members who have been officially certified as disabled by the State Medical Disability Board. The disability benefit shall be the lesser of (1) or (2) as set forth below:

1. A sum equal to the greater of forty-five percent (45%) of final average compensation, or the member's accrued retirement benefit at the time of termination of employment due to disability;
or
2. The retirement benefit which would be payable assuming accrued creditable service plus additional accrued service, if any, to the earliest normal retirement age based on final average compensation at the time of termination of employment due to disability.

Upon approval for disability benefits, the member shall exercise an optional retirement allowance as provided in R.S. 11:1423 and no change in the option selected shall be permitted after it has been filed with the board. The retirement option factors shall be the same as those utilized for regular retirement based on the age of the retiree and that of the spouse, had the retiree continued in active service until the earliest normal retirement date.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 1-Plan Description (Continued)

D. Back-Deferred Retirement Option Plan (Back-DROP)

In lieu of receiving a normal retirement benefit pursuant to R.S. 11:1421 through 1423, an eligible member of the Fund may elect to retire and have their benefits structured, calculated, and paid as provided in this section.

An active, contributing member of the Fund shall be eligible for Back-DROP only if all of the following apply:

1. The member has accrued more service credit than the minimum required for eligibility for a normal retirement benefit.
2. The member has attained an age that is greater than the minimum required for eligibility for a normal retirement benefit, if applicable.
3. The member has revoked their participation, if any, in the Deferred Retirement Option Plan pursuant to R.S. 11:1456.2.

At the time of retirement, a member who elects to receive a Back-DROP benefit shall select a Back-DROP period to be specified in whole months. The duration of the Back-DROP period shall not exceed the lesser of thirty-six months or the number of months of creditable service accrued after the member first attained eligibility for normal retirement. The Back-DROP period shall be comprised of the most recent calendar days corresponding to the member's employment for which service credit in the Fund accrued.

The Back-DROP benefit shall have two portions: a lump-sum portion and a monthly benefit portion. The member's Back-DROP monthly benefit shall be calculated pursuant to the provisions applicable for service retirement set forth in R.S. 11:1421 through 1423, subject to the following conditions:

1. Creditable service shall not include service credit reciprocally recognized pursuant to R.S. 11:142.
2. Accrued service at retirement shall be reduced by the Back-DROP.
3. Final average compensation shall be calculated by excluding all earnings during the Back-DROP period.
4. Contributions received by the Fund during the Back-DROP period and any interest that has accrued on employer and employee contributions received during the period shall remain with the Fund and shall not be refunded to the employee or to the employer.
5. The member's Back-DROP monthly benefit shall be calculated based upon the member's age and service and the Fund provisions in effect on the last day of creditable service before the Back-DROP period.
6. At retirement, the member's maximum monthly retirement benefit payable as a life annuity shall be equal to the Back-DROP monthly benefit.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 1-Plan Description (Continued)

D. Back-Deferred Retirement Option Plan (Back-DROP) (Continued)

7. The member may elect to receive a reduced monthly benefit in accordance with the options provided in R.S. 11:1423 based upon the member's age and the age of the member's beneficiary as of the actual effective date of retirement. No change in the option selected or beneficiary shall be permitted after the option is filed with the Board of Trustees.

In addition to the monthly benefit received, the member shall be paid a lump-sum benefit equal to the Back-DROP maximum monthly retirement benefit multiplied by the number of months selected as the Back-DROP period. Cost-of-living adjustments shall not be payable on the member's Back-DROP lump sum.

Upon the death of a member who selected the maximum option pursuant to R.S. 11:1423, the member's named beneficiary or, if none, the member's estate shall receive the deceased member's remaining contributions, less the Back-DROP benefit amount. Upon the death of a member who selected Option 1 pursuant to R.S. 11:1423, the member's named beneficiary or, if none, the member's estate, shall receive the member's annuity savings fund balance as of the member's date of retirement reduced by the portion of the Back-DROP account balance and previously paid retirement benefits that are attributable to the member's annuity payments as provided by the annuity savings fund.

During the year ended September 30, 2013, \$2,321,206 was paid from the deferred retirement option accounts on behalf of 22 participants. During the year ended September 30, 2012, \$1,505,900 was paid from the deferred retirement option accounts on behalf of 10 participants.

E. Excess Benefit Plan

Under the provisions of this excess benefit plan, a member may receive a benefit equal to the amount by which the member's monthly benefit from the Fund has been reduced because of the limitations of Section 415 of the Internal Revenue Code.

Note 2-Summary of Significant Accounting and Financial Reporting Policies

A. Basis of Accounting

The Fund's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services. Benefits and refunds are recognized when due and payable. Investment purchases and sales are recorded as of their trade date. Additional contributions from ad valorem taxes and revenue sharing monies are recognized in the year appropriated by the legislature.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 2-Summary of Significant Accounting and Financial Reporting Policies (Continued)

B. Principles of Consolidation

The consolidated financial statements include the accounts of Louisiana Assessors' Retirement Fund and its wholly-owned subsidiary, Louisiana Assessors' Retirement Fund Excess Benefit Account. All significant intercompany balances have been eliminated in the consolidation.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the actuarial information included in the required supplementary information as of the benefit information date, and the reported amounts of additions to and deductions from plan net position during the reporting period. Actual results could differ from those estimates. The Fund utilizes various investment instruments, which, by nature, are exposed to a variety of risk levels and risk types, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the Consolidated Statements of Net Position.

D. Cash and Cash Equivalents

Cash and cash equivalents include demand deposits in banks and temporary cash investments in money market accounts with the trust department of the investment custodian bank. The money market balances consist of government-backed pooled funds.

E. Valuation of Investments

Investments are reported at fair value, as required by GASB No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* as amended by GASB 50, *Pension Disclosures - an amendment of GASB Statements No. 25 and No. 27*. Short-term investments are reported at market value, when published prices are available, or at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate. Mortgage-backed securities are valued on the basis of estimated future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Fair values of the limited partnership investments are based on valuations reported by the general partner. Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near term. Investments that do not have an established market are reported at estimated fair value. Unrealized gains and losses are included in investment income in the Consolidated Statements of Changes in Net Position.

F. Property and Equipment

Property and equipment are reported at historical cost. Depreciation is computed using the straight-line method based upon useful lives of 3 to 15 years for equipment and furniture. Minor equipment and furniture acquisitions are reported as capital outlays in the period they are made.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 3-Contributions, Funding Status and Reserves

A. Contributions

Contributions for all members are established by statute at 8.0% of earned compensation. The contributions are deducted from the member's salary and remitted by the participating agency.

Administrative costs of the Fund are financed through employer contributions. According to state statute, contributions for all employers are actuarially determined each year. Employer contributions were 13.5% of members' earnings for the years ended September 30, 2013 and 2012.

The Fund also receives one-fourth of one percent of the property taxes assessed in each parish of the state as well as a state revenue sharing appropriation. According to state statute, in the event that contributions for ad valorem taxes and revenue sharing funds are insufficient to provide for the gross employer actuarially required contribution, the employer is required to make direct contributions as determined by the Public Retirement System's Actuarial Committee. Although the direct employer actuarially required contribution for fiscal year 2013 is 10.58%, the actual employer contribution rate for fiscal year 2013 is 13.50%, since state statutes require that employer rates be set one year in advance. The minimum direct employer actuarially required contribution will be 7.05% for fiscal year 2014.

B. Funding Status

The schedule below reflects the funded status and progress of the Fund for the fiscal years ended September 30, 2013 and 2012:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2013	\$267,473,843	\$284,169,001	\$16,695,158	94.12%	\$39,962,471	41.78%
2012	\$243,797,375	\$262,349,560	\$18,552,185	92.93%	\$39,098,798	47.45%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required Schedule of Funding Progress located in required supplementary information following the Notes to Consolidated Financial Statements presents multi-year trend information regarding whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 3-Contributions, Funding Status and Reserves (Continued)

B. Funding Status (Continued)

Additional information on the actuarial methods and assumptions used as of September 30, 2013 actuarial valuation follows:

Actuarial cost method	Frozen Attained Age Normal Actuarial Method with allocation based on earnings. The actuarial accrued liabilities utilized to calculate the <i>frozen unfunded accrued liability</i> were calculated on the Projected Unit Credit Cost Method. Changes in assumptions and plan benefits are Funded through adjustments to future normal costs.
Valuation interest rate	7.5% (net of investment expense)
Actuarial asset values	Assets are valued at market value adjusted to defer four-fifths of all earnings above or below the valuation interest rate in the valuation year, three-fifths of all earnings above or below the valuation interest rate in the prior year, two-fifths of all earnings above or below the valuation interest rate from two years prior, and one-fifth of all earnings above or below the valuation interest rate from three years prior. The resulting smoothed values are subject to a corridor of 85% to 115% of the market value of assets. If the smoothed value falls outside the corridor, the actuarial value is set equal to the average of the corridor limit and the smoothed value.
Annual salary interest rate	6% (3.00% inflation, 3.00% merit)
Active member, annuitant and beneficiary mortality	RP 2000 Combined Healthy Table set back three years for males and two years for females.
Retiree Cost of Living Increases	The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Retirement Rates	The rates of retirement are applied based on age according to the following table:

<u>Age</u>	<u>Factor</u>
18 - 45	0.00
46 - 49	0.22
50 - 54	0.44
55 - 57	0.04
58 - 62	0.18
63 - 65	0.28

(Continued)

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 3-Contributions, Funding Status and Reserves (Continued)

B. Funding Status (Continued)

Retirement Rates (Continued)	These rates apply only to those individuals eligible to retire. DROP participants are assumed to retire at the end of the DROP participation period.
Retirement Limitations	Projected retirement benefits are not subject to IRS Section 415 limits.
Withdrawal Rates	The rates of withdrawal are applied based upon completed years of service according to the following table:

<u>Service</u>	<u>Factor</u>	<u>Service</u>	<u>Factor</u>
<1	0.120	9	0.030
1	0.120	10	0.030
2	0.050	11	0.030
3	0.050	12	0.030
4	0.050	13	0.020
5	0.050	14	0.020
6	0.050	15	0.010
7	0.040	>15	0.010
8	0.040		

Withdrawal rates for members eligible to retire are assumed to be zero.

DROP Participation	All persons who enter DROP are assumed to participate for the full three-year period and retire immediately thereafter.
Retirement Rates for Active Former DROP Participants	The rate for all ages is assumed to be 33%.
Disability Rates	4% of the disability rates used for the 21 st valuation of the Railroad Retirement System for individuals with 10 - 19 years of service.
Disabled Lives Mortality	RP-2000 Disabled Lives Mortality Tables for Males and Females.
Vesting Electing Percentage	70% of those vested elect deferred benefits in lieu of contribution refunds.
Marriage and Option Selection	80% of members are assumed to be married. Wives are assumed to be 3 years younger than their husbands. 55% of married members who retire are assumed to select a Joint and 100% Survivor Annuity form of optional benefits.

(Continued)

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 3-Contributions, Funding Status and Reserves (Continued)

B. Funding Status (Continued)

Family Statistics

Assumptions utilized in determining the costs of various survivor benefits as listed below, are derived from the information provided in the 2000 U. S. Census:

<u>Member's Age</u>	<u>% with Children</u>	<u>Number of Children</u>	<u>Average Age</u>
25	62%	1.7	6
35	82%	2.1	10
45	66%	1.8	13
55	19%	1.4	15
65	2%	1.4	15

Back-DROP Benefits

Members eligible for Back-DROP benefits are assumed to elect the benefit form with the greatest present value.

C. Reserve Funds

Use of the term "reserve" by the Fund indicates that a portion of the net position is legally restricted for a specific future use. The nature and purpose of these reserves are explained below.

Expense Fund Reserve

The Expense Fund Reserve provides for general and administrative expenses of the Fund and those expenses not funded through other specific legislative appropriations. Funding consists of transfers from the Funds and is made as needed.

Annuity Savings Fund

The Annuity Savings Fund is credited with contributions made by members of the Fund. When a member terminates service, or upon death before qualifying for a benefit, the refund of member's contributions is made from this reserve. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Annuity Savings Fund to the Annuity Reserve Fund to provide part of the benefits. The Annuity Savings Fund is fully funded.

Pension Accumulation Fund

The Pension Accumulation Fund consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This reserve account is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve Fund to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. The Pension Accumulation Fund is fully funded.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 3-Contributions, Funding Status and Reserves (Continued)

C. Reserve Funds (Continued)

Annuity Reserve Fund

The Annuity Reserve Fund consists of the reserves for all pensions granted to retired members and is the reserve account from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve account. The Annuity Reserve Fund is fully funded.

Deferred Retirement Option Account

The Deferred Retirement Option Account consists of the reserves for all members, who upon retirement eligibility, elect to deposit into this account an amount equal to the member's monthly benefit as if the member had retired. A member can participate in the program for a maximum of three years, and upon termination may receive benefits in a lump sum payment. The Deferred Retirement Option Account is fully funded.

Funding Deposit Account

The Funding Deposit Account is credited with all surplus funds collected by the Fund for any fiscal year ending after December 31, 2008, in which the Board of Trustees elects to set the direct employer contribution rate higher than the minimum recommended rate. The funds may be used to reduce the unfunded accrued liability, reduce the present value of future normal costs, or to pay all or a portion of any future net direct employer contributions.

The balances of the reserve funds at September 30, 2013 and 2012 were as follows:

<u>Reserve Funds</u>	<u>2013</u>	<u>2012</u>
Expense Fund Reserve	\$ —	\$ —
Annuity Savings Fund	26,870,062	28,074,215
Pension Accumulation Fund	81,668,594	74,406,876
Annuity Reserve Fund	160,102,514	135,473,575
Deferred Retirement Option Account	3,615,917	1,720,640
Funding Deposit Account	<u>13,720,700</u>	<u>11,421,183</u>
	<u>\$285,977,787</u>	<u>\$251,096,489</u>

Note 4-Actuarial Cost Method

The "Frozen Attained Age Normal" actuarial method is used to calculate the funding requirements of the Fund. Funding of pension plans under this method consists of two components. The first of these components is the Employer Normal Cost of the plan. In addition, amortization payments on the Fund's unfunded liability must be made. Act 81 of the 1988 Legislative Session requires that the unfunded accrued liability be amortized over a forty year period beginning on July 1, 1989 with payments increasing at 3.5% per year.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 5-Deposits and Investment Risk Disclosures

The information presented on the following pages includes disclosures of custodial, interest rate, credit and foreign currency risks in accordance with GASB 40 and is designed to inform financial statement users about investment risks that could affect the Fund's ability to meet its obligations. The tables presented classify investments by risk type, while the consolidated financial statements present investments by asset class; thus, the totals shown on the tables may not be comparable to the amounts shown for the individual asset classes on the consolidated financial statements.

A. Deposits

At September 30, 2013, the carrying amount of the Fund's demand deposit accounts classified as cash, was \$2,511,682 and the bank balance was \$2,513,633, of which \$250,000 was protected from custodial credit risk by Federal Depository insurance. The remainder of the demand deposit balances was collateralized by securities held by the Fund's agent, Regions Bank, in a custodial account in the Fund's name. At September 30, 2012, the carrying amount of the Fund's cash book balance for its demand deposit accounts and sweep account totaled \$15,351,842, and the bank balance of \$45,786 was fully covered by Federal Depository insurance. The remainder of the balance was collateralized by securities held by the Fund's agent in a custodial account in the Fund's name.

B. Investments

The Board of Trustees' investment objective is a long-term compound rate of return on the Fund's assets that is the greater of (a) 3.5% above the CPI-U seasonally adjusted or (b) the actuarial rate (currently 7.5%).

The Fund's investments, including investments bought, sold, and held during the year, appreciated in value by \$30,613,626 and \$36,761,926 for the years ended September 30, 2013 and 2012, respectively. Included in these amounts are realized losses on the sale of securities in the amount of \$226,488 and \$348,105 for the years ended September 30, 2013 and 2012, respectively.

The Fund also holds an investment in the Louisiana Asset Management Pool, Inc. (LAMP, Inc.), a nonprofit corporation formed by an initiative of the state treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at market value and are equal to the value of the pool shares.

The Louisiana Asset Management Pool (LAMP) is an investment pool established as a cooperative endeavor to enable entities of the State of Louisiana to aggregate funds for investments.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. LAMP's permissible investments are set forth in R.S. 33:2955 and are further limited in accordance with investment guidelines promulgated by its board of directors. LAMP's Statement of Investment Guidelines authorizes investments in various investments and products, including United States Treasury bills or notes, Federal Home Loan Bank notes, Federal National Mortgage Association notes, Federal Farm Credit Bank notes, Student Loan Marketing Association notes, and other investments as approved by the board of directors. LAMP, Inc. is subject to the regulatory oversight of the Louisiana state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 5-Deposits and Investment Risk Disclosures (Continued)

B. Investments (Continued)

In accordance with GASB Codification Section 150.126, the investment in LAMP at September 30, 2013 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investments are in a pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form.

The Fund's investments at cost and fair value as determined by quoted market prices at September 30, 2013 and 2012 are as follows.

	<u>2013</u>		<u>2012</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Short-term investments	\$ 3,016,271	\$ 3,016,271	\$ 2,749,994	\$ 2,749,994
LAMP funds	2,291,588	2,291,588	3,148,167	3,148,167
Certificates of deposit	100,000	100,000	—	—
U.S. government securities	19,190,635	19,261,236	8,436,429	8,944,187
Corporate bonds	15,934,278	16,331,670	13,315,047	14,756,357
Foreign government securities	849,606	855,832	876,034	946,901
Bond mutual funds	42,799,024	52,467,016	41,218,879	51,377,268
Stock mutual funds	105,084,993	179,413,577	101,986,819	145,082,614
Real estate funds	<u>6,661,170</u>	<u>8,947,315</u>	<u>7,068,675</u>	<u>7,972,410</u>
	<u>\$195,927,565</u>	<u>\$282,684,505</u>	<u>\$178,800,044</u>	<u>\$234,977,898</u>

C. Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Fund will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk arises when securities are uninsured, or are not registered in the name of the Fund, and are held by either the counterparty or the counterparty's trust department or agent, but not in the Fund's name.

The investments of Louisiana Assessors' Retirement Fund and Subsidiary are held by its custodian separately from the custodian's assets in the name of the Fund, and would not be adversely affected if the custodian were placed in receivership. Investments in external investment pools, mutual funds, and other pooled investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form required by the Securities and Exchange Commission. The Fund had no custodial credit risk as of September 30, 2013 and 2012.

D. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The risk is applicable to debt investments with fair values that are sensitive to changes in interest rates. One indicator of the measure of interest rate risk is the dispersion of maturity dates for debt instruments. The Fund has no formal policy regarding interest rate risk.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 5-Deposits and Investment Risk Disclosures (Continued)

D. Interest Rate Risk (Continued)

As of September 30, 2013 and 2012, the Fund had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 – 5</u>	<u>5 – 10</u>	<u>More than 10</u>
September 30, 2013					
U.S. government securities	\$ 19,261,236	\$4,182,072	\$ 7,802,928	\$ 460,445	\$ 6,815,791
Corporate bonds	16,331,670	408,660	9,548,151	3,576,660	2,798,199
Certificates of deposit	100,000	—	100,000	—	—
Foreign government securities	855,832	—	—	631,084	224,748
	<u>\$ 36,548,738</u>	<u>\$4,590,732</u>	<u>\$17,451,079</u>	<u>\$4,668,189</u>	<u>\$ 9,838,738</u>
September 30, 2012					
U.S. government securities	\$ 8,944,187	\$ 3,048	\$ —	\$ 531,647	\$ 8,409,492
Corporate bonds	14,756,357	655,245	6,384,659	5,277,607	2,438,846
Foreign government securities	946,901	—	—	699,877	247,024
	<u>\$ 24,647,445</u>	<u>\$ 658,293</u>	<u>\$ 6,384,659</u>	<u>\$6,509,131</u>	<u>\$11,095,362</u>

E. Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. The Fund's investment policy states that no more than 5% of the assets assigned to an investment manager may be invested in the securities of one issuer with the exception of Treasury and Agency securities. At September 30, 2013 and 2012, there were no investments with a single issuer which exceeded 5% of net assets held in trust for pension benefits.

The Fund held investments with the following ratings as determined by Moody's Investors Service:

	<u>Market Value at September 30,</u>	
	<u>2013</u>	<u>2012</u>
Corporate Bonds		
Aa3	\$ 836,751	\$ 539,680
A1	1,504,284	1,761,882
A2	4,267,556	4,652,737
A3	3,799,527	2,603,584
Baa1	2,717,098	379,776
Baa2	3,206,454	4,468,698
Baa3	—	350,000
Total corporate bonds	<u>\$16,331,670</u>	<u>\$14,756,357</u>

(Continued)

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 5-Deposits and Investment Risk Disclosures (Continued)

E. Credit Risk (Continued)

(Continued)	Market Value at September 30,	
	<u>2013</u>	<u>2012</u>
Bond Mutual Funds		
Loomis Sayles MultiSector		
Full Discretion Trust	\$25,581,432	\$24,290,350
Pimco Total Return		
Institutional Fund	<u>26,885,584</u>	<u>27,086,918</u>
Total bond mutual funds	<u>\$52,467,016</u>	<u>\$51,377,268</u>

F. Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The Fund's exposure to foreign currency risk at September 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Indonesian Rupiah	\$ 148,789	\$ 175,217
Cayman Islands Dollar	482,295	524,660
Swiss Franc	<u>224,748</u>	<u>247,024</u>
	<u>\$ 855,832</u>	<u>\$ 946,901</u>

G. Investments in Real Estate Funds

The Fund invests in limited private real estate equity partnerships. These investments are valued at market value, calculated at a net asset value per share basis, which is estimated by the General Partner of each partnership. The value assigned to these investments is based upon available information and does not necessarily represent the amounts that might ultimately be realized, since such investments depend on future circumstances and cannot be determined until the individual investments are actually liquidated. Distributions are made at the discretion of the partnerships' General Partners.

Note 6-Note Receivable - Related Party

The following is a summary of the note receivable from a related party at September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Note receivable due from the Louisiana Assessors' Association in monthly installments of \$888 at an interest rate of 8%, collateralized by a building.	<u>\$ 55,723</u>	<u>\$ 61,576</u>

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 6-Note Receivable - Related Party (Continued)

Annual future maturities of the note receivable as of September 30, 2013 are as follows:

2014	\$ 6,348
2015	6,885
2016	7,468
2017	8,100
2018	8,785
Thereafter	<u>18,137</u>
	<u>\$ 55,723</u>

Note 7-Property and Equipment

The following is a summary of property, equipment and fixtures at September 30, 2013 and 2012:

	<u>Balance</u> <u>October 1,</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30,</u>
<u>September 30, 2013</u>				
Furniture	\$ 58,962	\$ —	\$ —	\$ 58,962
Computer software	42,785	—	—	42,785
Less: accumulated depreciation	<u>(100,458)</u>	<u>(618)</u>	<u>—</u>	<u>(101,076)</u>
	<u>\$ 1,289</u>	<u>\$ (618)</u>	<u>\$ —</u>	<u>\$ 671</u>
<u>September 30, 2012</u>				
Furniture	\$ 58,962	\$ —	\$ —	\$ 58,962
Computer software	42,785	—	—	42,785
Less: accumulated depreciation	<u>(99,820)</u>	<u>(638)</u>	<u>—</u>	<u>(100,458)</u>
	<u>\$ 1,927</u>	<u>\$ (638)</u>	<u>\$ —</u>	<u>\$ 1,289</u>

Depreciation expense for the years ended September 30, 2013 and 2012 was \$618 and \$638, respectively.

Note 8-Related Party Transactions

The Fund shares an office building, staff, equipment and other office expenses with the Louisiana Assessors' Association and the Louisiana Assessors' Insurance Fund, related parties. Most of the expenses, including the salaries of employees of all three entities, are paid by the Association. The Fund reimbursed the Association \$110,735 and \$110,757 for shared expenses for the years ended September 30, 2013 and 2012, respectively.

The Fund's retirees may also participate in the Louisiana Assessors' Insurance Fund, which provides health and other insurance coverage to assessors' employees. Monthly premiums are withheld from retiree benefits and remitted to the Insurance Fund. The total amounts of insurance premiums withheld and remitted by the Fund to the Insurance Fund were \$382,554 and \$347,972 for the years ended September 30, 2013 and 2012, respectively.

**Louisiana Assessors' Retirement Fund
and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2013**

Note 8-Related Party Transactions (Continued)

The Fund loaned \$110,000 to the Louisiana Assessors' Association to purchase additional office space in the building which houses the Fund, the Association, and the Louisiana Assessors' Insurance Fund. The Louisiana Assessors' Association repaid the initial \$5,000 down payment. The remaining \$105,000 is being repaid on a long-term note as described in Note 6. Interest earned on this note was \$4,803 and \$5,260 for the years ended September 30, 2013 and 2012, respectively.

Note 9-Subsequent Events

The Fund evaluated all subsequent events through February 23, 2014, the date the consolidated financial statements were available to be issued. As a result, management noted no subsequent events that required adjustment to, or disclosure in, these consolidated financial statements.

Required Supplementary Information

**Louisiana Assessors' Retirement Fund
and Subsidiary
Required Supplementary Information
Schedule of Funding Progress
September 30, 2006 Through September 30, 2013**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2006	\$154,009,532	\$188,980,120	\$34,970,588	81.50%	\$29,478,685	118.63%
2007	176,233,629	208,358,522	32,124,893	84.58%	33,568,909	95.70%
2008	189,537,035	213,394,637	23,857,602	88.82%	36,638,923	65.12%
2009	206,677,103	229,494,432	22,817,329	90.06%	38,030,395	60.00%
2010	222,141,802	243,732,426	21,590,624	91.14%	37,837,825	57.06%
2011	231,647,617	251,825,083	20,177,466	91.99%	36,976,826	54.57%
2012	243,797,375	262,349,560	18,552,185	92.93%	39,098,798	47.45%
2013	267,473,843	284,169,001	16,695,158	94.12%	39,962,471	41.78%

**Louisiana Assessors' Retirement Fund
and Subsidiary
Required Supplementary Information
Schedule of Contributions from Employers and Other Contributing Entities
September 30, 2006 Through September 30, 2013**

<u>Fiscal Date</u>	<u>Actuarial Required Contribution Employer</u>	<u>Percent Contributed Employer</u>	<u>Actuarial Required Contribution Other Sources</u>	<u>Percent Contributed Other Sources</u>
2006	\$3,408,280	122.2%	\$6,824,416	103.9%
2007	1,633,316	266.9%	7,405,985	100.5%
2008	1,607,032	305.7%	7,787,321	115.4%
2009	3,046,468	166.2%	9,100,689	108.8%
2010	1,564,207	331.5%	10,221,556	101.2%
2011	3,759,304	136.3%	10,658,295	102.6%
2012	3,578,323	147.0%	11,361,586	98.3%
2013	4,197,009	130.0%	11,609,365	101.8%

Supporting Schedules

**Louisiana Assessors' Retirement Fund
and Subsidiary
Schedule of Trustees' Per Diem
Years Ended September 30, 2013 and 2012**

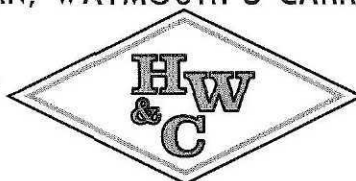
	<u>September 30, 2013</u>		<u>September 30, 2012</u>	
	<u>Days</u>	<u>Amount</u>	<u>Days</u>	<u>Amount</u>
Terry Baker	1	\$ 75	6	\$ 450
Emmett Brown, III	4	300	8	600
Jimmy Dean	1	75	5	375
Rhyn Duplechain	10	750	14	1,050
Richard Earl	9	675	12	900
Irby Gamble	9	675	6	450
Glenda Gaspard	9	675	—	—
Rick Hargis	—	—	1	75
Louis Hebert	11	825	12	900
Charles Hennington, Jr.	10	750	13	975
Rickey Huval	—	0	1	75
James Johnson	8	600	12	900
Pam Jones	1	75	1	75
James Laurent, Jr.	5	375	2	150
Phyllis Mendoza	8	600	14	1,050
Randall Seal	—	—	2	150
Stephanie Smith	7	525	15	1,125
James Stevenson, Jr.	10	750	5	375
Glen Waguespack	4	300	9	675
Erroll Williams	7	525	5	375
Samuel Wilkerson	—	—	1	75
Brian Wilson	6	<u>450</u>	11	<u>825</u>
Total per diem		<u>\$9,000</u>		<u>\$11,625</u>

**Louisiana Assessors' Retirement Fund
and Subsidiary
Schedule of Administrative Expenses
Years Ended September 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Shared expenses including salaries, benefits, and other office expenses	\$110,735	\$110,757
Other professional fees	110,955	79,125
Legal fees	59,303	65,734
Audit and accounting	14,700	14,300
Board per diem	9,000	11,625
Computer supplies and expenses	858	3,546
Depreciation	618	638
Dues	800	300
Office expense	2,092	1,602
Postage	140	136
Publications and subscriptions	1,292	398
Seminars	—	75
Travel	9,568	12,448
Bank charges	2,823	7,495
Miscellaneous	<u>—</u>	<u>770</u>
 Total administrative expenses	 <u>\$322,884</u>	 <u>\$308,949</u>

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

LOUIS C. McKNIGHT, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUSSARD, C.P.A.
NEAL D. KING, C.P.A.
KARIN S. LEJEUNE, C.P.A.
ALYCE S. SCHMITT, C.P.A.



CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Members of the Board of Trustees
Louisiana Assessors' Retirement Fund and Subsidiary
Baton Rouge, Louisiana

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Louisiana Assessors' Retirement Fund and Subsidiary, which comprise the consolidated statement of net position as of September 30, 2013, and the related consolidated statement of changes in net position for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Louisiana Assessors' Retirement Fund and Subsidiary's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Assessors' Retirement Fund and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Assessors' Retirement Fund and Subsidiary's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Louisiana Assessors' Retirement Fund and Subsidiary's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Louisiana Assessors' Retirement Fund and Subsidiary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Hurthorn, Weynath & Connel, LLP".

February 23, 2014

**Louisiana Assessors' Retirement Fund
and Subsidiary
Schedule of Current Year Audit Findings
Year Ended September 30, 2013**

None

**Louisiana Assessors' Retirement Fund
and Subsidiary
Schedule of Prior Year Audit Findings
Year Ended September 30, 2013**

None